

CITY OF BEDFORD

Bedford, Virginia

Regular Council Meeting

A G E N D A

November 22, 2005

7:30 p.m.

Administrative

Approval of Minutes
Report of City Manager
Council Comments
Report of Council Committees
Revisions to Agenda

Public Hearings

Consent Agenda

- | | |
|------------------|---|
| 1-W/S-16-1-11-22 | Appointment of Member – City Industrial Development Authority (roll call) |
| 2-PW-6-1-11-22 | Request to Close Streets for Holiday Events in Centertown – Bedford Main Street, Inc. (roll call) |

Old Business

New Business

- | | |
|------------------|---|
| 3-CC-15-1-11-22 | Resolution – Mary Gertrude “Trudy” Thaxton (roll call) |
| 4-C/R-7-1-11-22 | Ordinance – Personal Property Tax Relief Act (roll call) |
| 5-FIN-11-22 | Resolution – Lease/Purchase Financing for the Acquisition of Equipment (roll call) |
| 6-FIN-11-22 | Resolution – Electric System Revenue Bonds – Electric Improvements and Expansions (roll call) |
| 7-FIN-24-1-11-22 | Resolution – General Obligation Public Improvement Bonds (roll call) |

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Consent Agenda

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 15, 2005

PRESENTATION:

Appointment of Member – City Industrial Development Authority

The term of G. E. Murray, Jr. on the City Industrial Development Authority expires on November 30, 2005. Mr. Murray has requested reappointment for a four-year term. The vacancy has been advertised in the local newspaper and no other citizens have volunteered to serve.

ACTION REQUESTED:

Council is requested to reappoint G. E. Murray, Jr. to a four-year term on the City Industrial Development Authority, said term to expire November 30, 2009.

		YES	NO	OTHER		<u>ROUTING</u>	
DATE:_____	FLOOD	()	()	()	CITY ATTY.	()	HR ()
	HUBBARD	()	()	()	CITY TREAS.	()	PKS/REC/CEM ()
APPROVED ()	MESSIER	()	()	()	COMM.DEV.	()	POLICE ()
DENIED ()	PADGETT	()	()	()	COMM.REV.	()	PUBLIC WKS. ()
DEFERRED TO:	STANLEY	()	()	()	ELECTRIC	()	SEWER ()
_____	THARP	()	()	()	ENGINEERING	()	WATER ()
	WANDREI	()	()	()	FINANCE	()	I.T. ()
					FIRE DEPT.	()	OTHER: _____



MURRAY & BOLLING CHEVROLET, INC.



Phone (540) 586-8277

P.O. Box 128
Bedford, Virginia 24523

Fax (540) 586-5

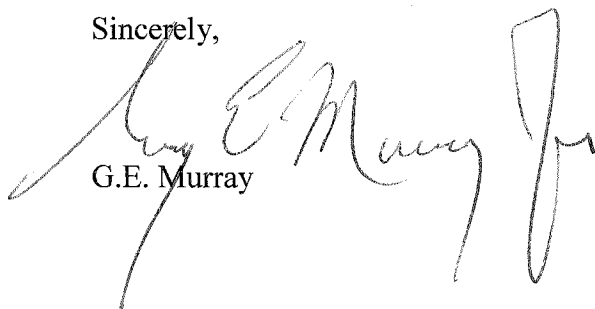
November 8, 2005

Mr. Jack Gross
City Manager
City of Bedford
P.O. Box 807
Bedford, VA 24523

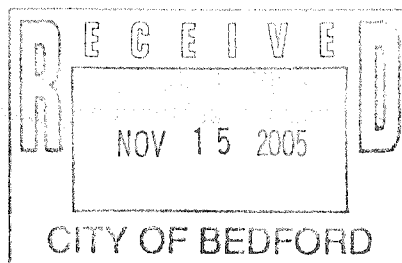
Dear Jack:

I desire to be reappointed to serve a term on the City of Bedford Industrial Development Authority. Please consider this letter to serve as my application for this position.

Sincerely,



G.E. Murray



**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Consent Agenda

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 15, 2005

PRESENTATION:

Request to Close Streets for Holiday Events in Centertown – Bedford Main Street, Inc.

Bedford Main Street, Inc. is sponsoring the Gallery Walk on Friday, December 2, 2005, and the 2005 Bedford area Christmas Parade on Saturday, December 3, 2005 (rain date Saturday, December 10th), and is requesting that Council authorize the closing of the following streets for the these holiday events:

Friday – December 2, 2005 – 5:00 p.m. – 10:00 p.m.
100 Block South Bridge Street

Saturday, December 3, 2005:
8:00 a.m. - 1:00 p.m.
Edmund Street around Bedford Science & Tech. for Christmas Parade Line-Up
11:00 a.m. until Christmas Parade is complete:
Edmund Street
Otey Street
East Main (between Otey & Bridge)
North Bridge (between Main & Peaks)
Peaks (between Bridge & College)
College (between Peaks & Ashland)
Ashland (between College & Bedford Ave.)
Bedford Ave. (between Health Dept. & Ashland)

Bedford Main Street will notify the Fire Department, Rescue Squad and Police Department of the street closings. Suitable public service announcements regarding these closings will be placed on the radio and in the newspaper. The residents of the affected streets will also be notified and will have ingress and egress to their homes.

ACTION REQUESTED:

City Council is requested to close the above streets for the Gallery Walk on Friday, December 2, 2005, and the Christmas Parade on Saturday, December 3, 2005 (rain date Saturday, December 10th).

		YES	NO	OTHER	ROUTING		
DATE: _____	FLOOD	()	()	()	CITY ATTY.	()	HR ()
	HUBBARD	()	()	()	CITY TREAS.	()	PKS/REC/CEM ()
APPROVED ()	MESSIER	()	()	()	COMM.DEV.	()	POLICE ()
DENIED ()	PADGETT	()	()	()	COMM.REV.	()	PUBLIC WKS. ()
DEFERRED TO:	STANLEY	()	()	()	ELECTRIC	()	SEWER ()
_____	THARP	()	()	()	ENGINEERING	()	WATER ()
	WANDREI	()	()	()	FINANCE	()	I.T. ()
					FIRE DEPT.	()	OTHER: _____

Anderson, Debra

From: W. Scott Smith [scott@centertownbedford.com]
Sent: Wednesday, November 09, 2005 4:41 PM
To: Anderson, Debra
Subject: Street Closure Request

We are requesting the closure of the following streets for holiday events in Bedford:

FRIDAY DECEMBER 2ND 5:00PM-10:00PM
100 Block South Bridge Street for Gallery Walk

SATURDAY DECEMBER 3RD 8:00AM-1:00PM
Edmund Street around Bedford Science & Tech. For Christmas Parade Line-Up

11:00AM until Christmas Parade is complete:
Edmund Street
Otey Street
East Main (bet. Otey & Bridge)
North Bridge (bet. Main & Peaks)
Peaks (bet. Bridge & College)
College (bet. Peaks & Ashland)
Ashland (bet. College & Bedford Ave.)
Bedford Ave. (bet. Health Dept. & Ashland)

W. Scott Smith, Executive Director
Bedford Main Street, Inc.

Wachovia Building, 101 N. Bridge Street, Suite 3 Post Office Box 405 Bedford,
24523 Office 540-586-2148 Toll-Free 866-586-2148 Mobile 434-401-3995 Fax 540-5
www.CentertownBedford.com

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Resolution – Mary Gertrude “Trudy” Thaxton

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 15, 2005

PRESENTATION:

City Council has been requested to adopt a Resolution in memory of Mary Gertrude “Trudy” Thaxton for her contributions to the Bedford community.

ACTION REQUESTED:

Council is requested to adopt a Resolution in recognition of Mary Gertrude “Trudy” Thaxton.

DATE:_____	FLOOD	YES	NO	OTHER	CITY ATTY.	ROUTING	
	HUBBARD	()	()	()	()	HR	()
APPROVED ()	MESSIER	()	()	()	CITY TREAS.	PKS/REC/CEM	()
DENIED ()	PADGETT	()	()	()	COMM.DEV.	POLICE	()
DEFERRED TO:	STANLEY	()	()	()	COMM.REV.	PUBLIC WKS.	()
_____	THARP	()	()	()	ELECTRIC	SEWER	()
	WANDREI	()	()	()	ENGINEERING	WATER	()
					FINANCE	I.T.	()
					FIRE DEPT.	OTHER: _____	

**RESOLUTION HONORING
MARY GERTRUDE “TRUDY” FULCHER THAXTON
FOR HER CONTRIBUTIONS TO THE CITY OF BEDFORD**

WHEREAS, Mary Gertrude “Trudy” Fulcher Thaxton was a distinguished Virginia native, educator and civic leader; and

WHEREAS, Trudy Thaxton was born in Amherst County, graduated from E.C. Glass High School and Randolph-Macon Woman’s College, and received her Masters in Education from Lynchburg College; and

WHEREAS, Trudy Thaxton taught in the Bedford public schools for 36 years and was honored as State Teacher of the Year in 1964; and

WHEREAS, Trudy Thaxton organized and chaired the Bedford County Science Fair for 17 years and successfully inspired local students to excel at regional and State levels; and

WHEREAS, Trudy Thaxton served as president of the AAUW and the Blue Ridge Garden Club; and

WHEREAS, Trudy Thaxton was the consummate fund raiser benefiting the Bedford YMCA, Red Cross and a number of other civic groups; and

WHEREAS, Trudy Thaxton was widely recognized for her civic contributions, including selected as the Bedford Chamber of Commerce’s Citizen of the Year as well as four times as Parade Marshall for the annual Christmas Parade; and

WHEREAS, Trudy Thaxton helped organize and establish the Keep Bedford Beautiful Commission, rising in its ranks to become a star “Litter Hitter”; and

WHEREAS, Trudy Thaxton served on the Bedford City Council as Vice Mayor from July 1, 1978 to June 22, 1982 and served as Mayor during 1980, the members of Bedford City Council wish to state and reflect their deep respect and their pleasure at having had an opportunity to know Trudy Thaxton; and expresses its sincere condolences to the friends and family of Trudy Thaxton.

NOW THEREFORE, BE IT RESOLVED, that the City Council adopts this Resolution in honor of Mary Gertrude “Trudy” Fulcher Thaxton on November 8, 2005. Likewise, the Council calls upon all citizens of the City of Bedford to honor the memory of Trudy Thaxton for her tremendous contribution to life in the City of Bedford.

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Ordinance – Personal Property Tax Relief Act

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 16, 2005

PRESENTATION:

You have received a copy of an ordinance to provide for the implementation of changes to the Personal Property Tax Relief Act affected by legislation adopted during the 2004 special session and the 2005 regular session of the General Assembly of Virginia. This ordinance will allow for City Council to pass a resolution to annually fix a percentage of tax relief on the first \$20,000 in value of each qualifying vehicle with an assessed value in excess of \$1,000. Each qualifying vehicle with a value of \$1,000 or less will be exempt from this tax. The percentage shall be established annually as a part of the adopted budget for the City. The Finance Committee met on November 8, 2005, to review the provisions in this ordinance and recommends for its adoption.

ACTION REQUESTED:

Council is requested to adopt the ordinance providing for the implementation of the 2004-2005 changes to the Personal Property Tax Relief Act of 1998. This ordinance was been posted in accordance with Section 2-30 of the City Code

		YES	NO	OTHER	<u>ROUTING</u>	
DATE:_____	FLOOD	()	()	()	CITY ATTY. ()	HR ()
	HUBBARD	()	()	()	CITY TREAS. ()	PKS/REC/CEM ()
APPROVED ()	MESSIER	()	()	()	COMM.DEV. ()	POLICE ()
DENIED ()	PADGETT	()	()	()	COMM.REV. ()	PUBLIC WKS. ()
DEFERRED TO:	STANLEY	()	()	()	ELECTRIC ()	SEWER ()
_____	THARP	()	()	()	ENGINEERING ()	WATER ()
	WANDREI	()	()	()	FINANCE ()	I.T. ()
					FIRE DEPT. ()	OTHER: _____

**AN ORDINANCE TO PROVIDE FOR THE IMPLEMENTATION OF THE 2004-2005
CHANGES TO THE PERSONAL PROPERTY TAX RELIEF ACT
OF 1998 - SPECIFIC RELIEF**

WHEREAS the Personal Property Tax Relief Act of 1998, Va. Code §§ 58.1-3523 *et seq.* (“PPTRA”), has been substantially modified by the enactment of Chapter 1 of the Acts of Assembly, 2004 Special Session I (Senate Bill 5005), and the provisions of Item 503 of Chapter 951 of the 2005 Acts of Assembly (the 2005 revisions to the 2004-06 Appropriations Act, hereinafter cited as the “2005 Appropriations Act”); and

WHEREAS these legislative enactments require the City to take affirmative steps to implement these changes, and to provide for the computation and allocation of relief provided pursuant to the PPTRA as revised; and

WHEREAS these legislative enactments provide for the appropriation to the City, commencing in 2006, of a fixed sum to be used exclusively for the provision of tax relief to owners of qualifying personal use vehicles that are subject to the personal property tax (“PPT”) on such vehicles.

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Bedford as follows:

Section 1. The following new section is added to the City Code:

Sec. 22-23.4 Relief under Personal Property Relief Act of 1998

(1) Purpose; Definitions; Relation to other Ordinances.

(a) The purpose of this Ordinance is to provide for the implementation of the changes to PPTRA affected by legislation adopted during the 2004 Special Session I and the 2005 Regular Session of the General Assembly of Virginia.

(b) Terms used in this Ordinance that have defined meanings set forth in PPTRA shall have the same meanings as set forth in Va. Code § 58.1-3523, as amended.

(c) To the extent that the provisions of this Ordinance conflict with any prior Ordinance or provision of the City Code, this Ordinance shall control.

(2) Method of Computing and Reflecting Tax Relief.

(a) For tax years commencing in 2006, the City adopts the provisions of Item 503.E of the 2005 Appropriations Act, providing for the computation of tax relief as a specific dollar amount to be offset against the total taxes that would otherwise be due but for PPTRA and the reporting of such specific dollar relief on the tax bill.

(b) The Council shall, by resolution, set the percentage of tax relief at such a level that it is anticipated fully to exhaust PPTRA relief funds provided to the City by the Commonwealth.

(c) Personal property tax bills shall set forth on their face the specific dollar amount of relief credited with respect to each qualifying vehicle, together with an explanation of the general manner in which relief is allocated.

(3) Allocation of Relief among Taxpayers.

(a) Allocation of PPTRA relief shall be provided in accordance with the general provisions of this section, as implemented by the specific provisions of the City's annual budget relating to PPTRA relief.

(b) Relief shall be allocated in such as manner as to eliminate personal property taxation of each qualifying vehicle with an assessed value of \$1,000 or less.

(c) Relief with respect to qualifying vehicles with assessed values of more than \$1,000 shall be provided at a percentage, annually fixed and applied to the first \$20,000 in value of each such qualifying vehicle, that is estimated fully to use all available state PPTRA relief. The percentage shall be established annually as a part of the adopted budget for the City.

(4) Transitional Provisions.

(a) Pursuant to authority conferred in Item 503.D of the 2005 Appropriations Act, the City Treasurer is authorized to issue a supplemental personal property tax bill, in the amount of 100 percent of tax due without regard to any former entitlement to state PPTRA relief, plus applicable penalties and interest, to any taxpayer whose taxes with respect to a qualifying vehicle for tax year 2005 or any prior tax year remain unpaid on September 1, 2006, or such date as state funds for reimbursement of the state share of such bill have become unavailable, whichever earlier occurs.

(b) Penalty and interest with respect to bills issued pursuant to subsection (a) of this section shall be computed on the entire amount of tax owed. Interest shall be computed at the rate provided in Section 22-24 of the Bedford City Code from the original due date of the tax.

Section 2. This ordinance shall take effect on January 1, 2006.

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Resolution – Lease/Purchase Financing for the Acquisition of Equipment

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 17, 2005

PRESENTATION:

The City desires to finance the acquisition of equipment by means of a lease/purchase financing and to borrow money in the maximum principal amount of \$720,000. The bonds shall be limited obligations payable solely from funds to be appropriated by the Council for such purpose. The resolution, providing for the plan of lease financing for the acquisition of equipment, was drafted by Christopher Kulp with Hunton and Williams, who serves as the City's bond counsel.

ACTION REQUESTED:

City Council is requested to adopt a resolution to finance the acquisition of equipment by means of a lease/purchase financing.

		YES	NO	OTHER	<u>ROUTING</u>	
DATE:_____	FLOOD	()	()	()	CITY ATTY.	() HR ()
	HUBBARD	()	()	()	CITY TREAS.	() PKS/REC/CEM ()
APPROVED ()	MESSIER	()	()	()	COMM.DEV.	() POLICE ()
DENIED ()	PADGETT	()	()	()	COMM.REV.	() PUBLIC WKS. ()
DEFERRED TO:	STANLEY	()	()	()	ELECTRIC	() SEWER ()
_____	THARP	()	()	()	ENGINEERING	() WATER ()
	WANDREI	()	()	()	FINANCE	() I.T. ()
					FIRE DEPT.	() OTHER: _____

**A RESOLUTION APPROVING A PLAN OF LEASE
FINANCING FOR THE ACQUISITION OF EQUIPMENT**

WHEREAS, the Council (the “Council”), of the City of Bedford, Virginia (the “City”), desires to finance the acquisition of equipment (the “Project”) by means of a lease/purchase financing with a qualified bank or financing entity;

WHEREAS, Davenport & Company LLC, acting as the City’s financial advisor (the “Financial Advisor”), has solicited proposals from banks and other financing entities, to provide tax-exempt lease/purchase financing for the Project, and recommended to the Council that the City accept the proposal of First National Exchange Bank (the “Bank”); and

WHEREAS, there has been presented to this meeting a draft of an Equipment Lease and Option Agreement to be dated the date of its delivery (the “Lease Agreement”), between the Bank, as Lessor, and the City, as Lessee, to implement such financing, a copy of which shall be filed with the records of the Council;

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

1. The Council determines that it is in the best interests of the City to enter into a lease/purchase financing for the Project with the Bank. The City shall lease the Project from the Bank in accordance with the terms of the Lease Agreement; provided, however, that (a) the term of the Lease Agreement shall expire no later than June 30, 2011; (b) the principal components of Basic Rent (as defined in the Lease Agreement) shall be payable on dates determined by the City Manager until the expiration of the Lease Agreement, in amounts as determined by the City Manager, provided that the total amount of such principal components shall not exceed \$720,000; (c) the interest components of Basic Rent payable under the Lease Agreement shall be payable on dates determined by the City Manager at a rate not to exceed 3.55% per year, calculated on the basis of a 360-day year of twelve 30-day months; and (d) shall be subject to optional prepayment upon terms determined by the City Manager, all as the City Manager determines to be in the best interest of the City.

2. The City Manager is authorized and directed to execute the Lease Agreement, which shall be in substantially the form submitted to this meeting, which is hereby approved, with such completions, omissions, insertions and changes (including the additions of any party or provisions to establish an escrow arrangement for any funds to be used to pay for the Project) not inconsistent with this Resolution as may be approved by the City Manager, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

3. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all actions necessary or desirable in connection with the execution and delivery of the Lease Agreement and the completion of the financing.

4. The obligations of the City under the Lease Agreement shall be limited obligations payable solely from funds to be appropriated by the Council for such purpose and shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit of the City beyond any fiscal year for which the Council has lawfully appropriated from time to time. Nothing herein or in the Lease Agreement shall constitute a debt of the City within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit or taxing power of the City.

5. The City believes that funds sufficient to make payment of all amounts payable under the Lease Agreement can be obtained. While recognizing that it is not empowered to make any binding commitment to make such payments beyond the current fiscal year, the Council hereby states its intent to make annual appropriations for future fiscal years in amounts sufficient to make all such payments and hereby recommends that future Councils do likewise during the term of the Lease Agreement. The Council directs the City Manager, or such other officer who may be charged with the responsibility for preparing the City's annual budget, to include in the budget request for each fiscal year during the term of the Lease Agreement an amount sufficient to make the payment of all amounts payable under the Lease Agreement during such fiscal year. As soon as practicable after the submission of the City's annual budget to the Council, the City Manager is authorized and directed to deliver to the Bank evidence that a request for an amount sufficient to make the payment of all amounts payable under the Lease Agreement during such fiscal year has been made. If at any time during any fiscal year of the City, through the fiscal year ending June 30, 2011, the amount appropriated in the City's annual budget in any such fiscal years is insufficient to pay when due the amounts payable under the Lease Agreement, the Council directs the City Manager, or such other officer who may be charged with the responsibility for preparing the City's annual budget, to submit to the Council at the next scheduled meeting, or as promptly as practicable but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit.

6. (a) The City covenants that it will not take or omit to take any action the taking or omission of which will cause the Lease Agreement to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause the interest components of Basic Rent due under the Lease Agreement to be includable in the gross income of the holder thereof under existing statutes. Without limiting the generality of the foregoing, the City shall comply with any provision of law that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the funds received under the Lease Agreement, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest due under the Lease Agreement from being includable in the gross income for federal income tax purposes of the holder thereof under existing law.

(b) The City covenants that during the term of the Lease Agreement it shall not permit the Project or the proceeds derived from the Lease Agreement to be used in any manner that would result in (a) 10% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the City's use of the Project, (b) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the

furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest components of Basic Rent from being includable in the gross income for Federal income tax purposes of the holder thereof under existing law, the City need not comply with such covenants.

7. Such officers of the City as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the funds received under the Lease Agreement, and any elections such officers deem desirable regarding rebate of earnings to the United States, for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the City.

8. **Qualified Tax-Exempt Obligations.** The City designates the obligations under the Lease Agreement as “qualified tax-exempt obligations” for the purpose of Section 265(b) (3) of the Code. The City represents and covenants as follows:

(a) The City will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2005, including the Lease Agreement, for the purpose of such Section 265(b) (3);

(b) The City, all its “subordinate entities,” within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the City and its subordinate entities have not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds,” within the meaning of Section 145 of the Code), including the Lease Agreement;

(c) Barring circumstances unforeseen as of the date of delivery of the Lease Agreement, the City will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the City and such other entities in calendar year 2005, result in the City and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Lease Agreement; and

(d) The City has no reason to believe that the City and such other entities will issue tax-exempt obligations in calendar year 2005 in an aggregate amount that will exceed such \$10,000,000 limit;

provided, however, that if the City receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Lease Agreement to be a qualified tax-exempt obligation, the City need not comply with such covenant.

9. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.

10. All other actions of the officers of the City that are in conformity with the purposes and intent of this Resolution and in furtherance of this financing and the undertaking of the Project are approved and ratified.

11. The City Manager is hereby authorized and directed to provide a copy of the City's comprehensive annual financial report to the Bank for each fiscal year during the term of the Lease Agreement.

12. All resolutions or parts of resolutions in conflict herewith are repealed.

13. This Resolution shall take effect immediately.

MEMORANDUM

To: City of Bedford, Virginia City Council

From: Ted Cole - Davenport & Company LLC Public Finance Department

Re: Capital Projects Funding Process

Date: November 22, 2005

At the City Council meeting on November 22, 2005, City Council will be asked to consider three separate Resolutions approving three financings as previously discussed with Council. The details of the three financings are as follows:

I. Electric Revenue Bond, Series 2005B:

Purpose: Electric Department Operations Center and Utility Truck

Amount: \$2,064,710

Final Maturity: 2026 (Truck @ 2011)

True Interest Cost: 4.14%

Lender: First National Exchange Bank

II. General Obligation Public Improvement Bond, Series 2005:

Purpose: Solid Waste Transfer Station & Equipment and Landfill Projects
Amount: \$2,766,968
Final Maturity: 2026 (Equipment @2011)
True Interest Cost: 4.11%
Lender: First National Exchange Bank

III. Lease Purchase, Series 2005:

Purpose: Financial Software and Equipment & Vehicle Needs
Amount: \$717,885
Final Maturity: 2011
True Interest Cost: 3.52%
Lender: First National Exchange Bank

With Council approval of the three Resolutions, the loans can be closed and monies will be available for use on the projects or for reimbursements of previously committed funds.

The Closings are currently scheduled for Wednesday November 30, 2005 and Hunton & Williams, Bond Counsel, will coordinate the necessary signatures.

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Resolution – Electric System Revenue Bonds – Electric Improvements and Expansions

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 17, 2005

PRESENTATION:

The City desires to finance various improvements and expansions to the electric system and to borrow money in the maximum principal amount of \$2,100,000 as electric system revenue bonds. The bonds shall be payable from the revenues of the electric system. The resolution, providing for the issuance, sale and award of the revenue bonds, Series 2005B, was drafted by Christopher Kulp with Hunton and Williams, who serves as the City's bond counsel.

ACTION REQUESTED:

City Council is requested to adopt a resolution to finance the various improvements and expansions to the electric system.

		YES	NO	OTHER	ROUTING	
DATE:_____	FLOOD	()	()	()	CITY ATTY. ()	HR ()
	HUBBARD	()	()	()	CITY TREAS. ()	PKS/REC/CEM ()
APPROVED ()	MESSIER	()	()	()	COMM.DEV. ()	POLICE ()
DENIED ()	PADGETT	()	()	()	COMM.REV. ()	PUBLIC WKS. ()
DEFERRED TO:	STANLEY	()	()	()	ELECTRIC ()	SEWER ()
_____	THARP	()	()	()	ENGINEERING ()	WATER ()
	WANDREI	()	()	()	FINANCE ()	I.T. ()
					FIRE DEPT. ()	OTHER: _____

RESOLUTION OF THE CITY OF BEDFORD, VIRGINIA, TO PROVIDE FOR THE ISSUANCE AND SALE OF AN ELECTRIC SYSTEM REVENUE BOND, SERIES 2005B, PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF, AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS RELATED TO SUCH FINANCING

WHEREAS, the Council (the “Council”) of the City of Bedford, Virginia (the “City”), has established a program for financing improvements and extensions to its electric system (the “System”) by the issuance of bonds pursuant to an Agreement of Trust dated as of August 1, 2005 (the “Master Agreement”), between the City and First Citizens Bank & Trust, Raleigh, North Carolina, as trustee (the “Trustee”), such bonds to be payable from revenues of the System and other moneys pledged thereto;

WHEREAS, the City desires to issue an additional series of bonds in order to (a) finance various improvements and expansions to the System (the “Project”), and (b) pay costs of issuing such bonds;

WHEREAS, the City Manager and Davenport & Company LLC, the City’s financial advisor (the “Financial Advisor”), have recommended to the Council that the City issue and sell a single electric system revenue bond through a private placement with First National Exchange Bank, Roanoke, Virginia (the “Bank”);

WHEREAS, there has been presented to this meeting a draft of a Second Supplemental Agreement of Trust, draft dated November 15, 2005 (the “Second Supplemental Trust Agreement”), which supplements the Master Agreement, as previously supplemented (collectively, the “Trust Agreement”), pursuant to which such bond is to be issued, and including the form of such bond as Exhibit A attached thereto;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

1. Issuance and Sale. The City hereby authorizes the issuance and sale to the Bank of an electric system revenue bond in a maximum principal amount of \$2,100,000 (the “Bond”), pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, to provide funds to finance the Project and to pay the costs of issuing the Bond.

2. Trust Agreement. The City Manager is hereby authorized and directed to execute the Second Supplemental Trust Agreement and deliver it to the Trustee. The Second Supplemental Trust Agreement shall be in substantially the form submitted to this meeting, which is approved, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the City Manager, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions and changes.

3. Bond Details. The Bond shall be designated “Electric System Revenue Bond, Series 2005B,” or such other designation as may be determined by the City Manager, shall be dated the date of its delivery, shall be in registered form, and shall be numbered R-1. The Bond shall be sold to the Bank on terms as the City Manager, in collaboration with the Financial Advisor, shall find to be in the best interests of the City; provided, however, that the Bond shall (a) be issued in a principal amount not to exceed \$2,100,000; (b) bear interest at a true interest cost not to exceed 4.15%; (c) be sold to the Bank at a price not less than 100%; and (d) mature not later than December 31, 2026. Subject to such terms, the City Manager is further authorized to determine the principal and interest payment dates and the principal amortization schedule of the Bond. Following the determination of the final pricing terms, the City Manager shall execute a certificate setting forth such final pricing terms and shall file the certificate with the records of the Council. The actions of the City Manager in selling the Bond shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Council.

4. Prepayment Provisions. The Bond is subject to prepayment prior to maturity at the option of the City, in whole or in part, at any time, upon payment of 100% of the principal to be prepaid plus interest accrued to the prepayment date.

5. Pledge of Security. The Bond shall be a limited obligation of the City, payable solely from Revenues (as defined in the Trust Agreement) and the funds created by the Trust Agreement and pledged to the payment of the Bond, and nothing in the Bond or the Trust Agreement shall be deemed to create or constitute an indebtedness or pledge of the Commonwealth of Virginia or any political subdivision thereof, including the City.

6. Preparation and Delivery of Bond. The Mayor and Vice-Mayor, either of whom may act, are hereby authorized and directed to execute the Bond by manual or facsimile signature, the City’s seal to be affixed thereto or a facsimile thereof printed thereon and attested by the City Clerk or Deputy City Clerk, to deliver the Bond to the Trustee for authentication, and to cause the Bond so executed and authenticated to be delivered to the Bank upon payment of the purchase price.

7. Non-Arbitrage Certificate and Elections. The officers of the City are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond, including without limitation (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bond to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and regulations thereunder, applicable to “arbitrage bonds,” (b) making any elections that such officers deem desirable regarding any provision requiring rebate to the United States of “arbitrage profits” earned on investment of proceeds of the Bond, and (c) filing Internal Revenue Service Form 8038-G. The foregoing shall be subject to the advice, approval and direction of bond counsel.

8. Limitation on Private Use. The City covenants that it shall not permit the proceeds of the Bond or the facilities financed with the proceeds of the Bond to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

9. Qualified Tax-Exempt Obligations. The City designates the Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b) (3) of the Code. The City represents and covenants as follows:

(a) The City will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2005, including the Bond, for the purpose of such Section 265(b) (3);

(b) The City, all its “subordinate entities,” within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the City and its subordinate entities have not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds,” within the meaning of Section 145 of the Code), including the Bond;

(c) Barring circumstances unforeseen as of the date of delivery of the Bond, the City will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the City and such other entities in calendar year 2005, result in the City and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and

(d) The City has no reason to believe that the City and such other entities will issue tax-exempt obligations in calendar year 2005 in an aggregate amount that will exceed such \$10,000,000 limit;

provided, however, that if the City receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Bond to be a qualified tax-exempt obligation, the City need not comply with such covenant.

10. SNAP Investment Authorization. The City Council has heretofore received and reviewed the Information Statement (the “Information Statement”) describing the State Non-Arbitrage Program of the Commonwealth of Virginia (“SNAP”) and the Contract Creating the State Non-Arbitrage Program Pool I (the “Contract”), and the City Council has determined to authorize the City Treasurer to utilize SNAP in connection with the investment of the proceeds of the Bond, if the Mayor, in consultation with the City Treasurer, determine that the utilization of SNAP is in the best interest of the City. The City Council acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

11. Other Actions. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond are approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bond.

12. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

13. Effective Date. This Resolution shall take effect immediately.

**CITY OF BEDFORD, VIRGINIA
CITY COUNCIL
ACTION FORM**

ITEM: Resolution – General Obligation Public Improvement Bonds

DATE OF COUNCIL MEETING: November 22, 2005

DATE: November 17, 2005

PRESENTATION:

It is determined to be necessary to finance various public improvements, including the acquisition, construction and equipping of a solid waste transfer station and equipment, landfill remediation projects, including the extension of a public water supply line, and other related costs and to borrow money in the maximum principal amount of \$2,800,000 as general obligation public improvements bonds. The bonds shall be general obligations of the City for the payment of principal and interest. The resolution, providing for the issuance, sale and award of the general obligation public improvement bonds, Series 2005, was drafted by Christopher Kulp with Hunton and Williams, who serves as the City's bond counsel.

ACTION REQUESTED:

City Council is requested to adopt a resolution to finance the various public improvements, including the acquisition, construction and equipping of a solid waste transfer station and equipment, landfill remediation projects and related costs.

DATE:_____	FLOOD	YES	NO	OTHER	CITY ATTY.	ROUTING	
	HUBBARD	()	()	()	()	HR	()
APPROVED ()	MESSIER	()	()	()	CITY TREAS.	PKS/REC/CEM	()
DENIED ()	PADGETT	()	()	()	COMM.DEV.	POLICE	()
DEFERRED TO:	STANLEY	()	()	()	COMM.REV.	PUBLIC WKS.	()
_____	THARP	()	()	()	ELECTRIC	SEWER	()
	WANDREI	()	()	()	ENGINEERING	WATER	()
					FINANCE	I.T.	()
					FIRE DEPT.	OTHER: _____	

At a regular meeting of the City Council of the City of Bedford, Virginia, held on the 22nd day of November, 2005, at the time and place established by the City Council for such meetings, and at which the following members were present and absent during the voting on the resolution referred to below:

PRESENT:

ABSENT:

the following resolution was adopted by the affirmative roll-call vote of a majority of all members of the City Council, the ayes and nays being recorded in the minutes of such meeting as shown below:

MEMBER

VOTE

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF A \$2,800,000 GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND, SERIES 2005, OF THE CITY OF BEDFORD, VIRGINIA, AND PROVIDING FOR THE FORM, DETAILS AND PAYMENT THEREOF

WHEREAS, on October 25, 2005, the Council (the "City Council") of the City of Bedford, Virginia (the "City"), adopted an ordinance authorizing the issuance of general obligation public improvement bonds in a principal amount not to exceed \$6,000,000 to finance various public improvements, including the acquisition, construction and equipping of a solid waste transfer station and equipment, landfill remediation projects and related costs (the "Project"); and

WHEREAS, the City Manager and Davenport & Company LLC, as the City's financial advisor (the "Financial Advisor"), have recommended to the City Council that the City issue and sell a single general obligation public improvement bond through a private placement with First National Exchange Bank, Roanoke, Virginia (the "Bank");

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, VIRGINIA:

1. Issuance of Bonds. Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991, there shall be issued and sold to the Bank a general obligation public improvement bond of the City (the “Bond”) to provide funds, together with other available moneys of the City, to finance the Project and to pay costs of issuing the Bond.

2. Bond Details. The Bond shall be in the form of a single, typewritten bond, designated “General Obligation Public Improvement Bond, Series 2005,” shall be in registered form, shall be dated the date of its delivery and shall be numbered R-1. The Bond shall be sold to the Bank on terms as the City Manager, in collaboration with the Financial Advisor, shall find to be in the best interests of the City; provided, however, that the Bond shall (a) be issued in a principal amount not to exceed \$2,800,000; (b) bear interest at a true interest cost not to exceed 4.15%; (c) be sold to the Bank at a price not less than 100%; and (d) mature not later than December 31, 2026. Subject to such terms, the City Manager is further authorized to determine the principal and interest payment dates and the principal amortization schedule of the Bond. Following the determination of the final pricing terms, the City Manager shall execute a certificate setting forth such final pricing terms and shall file the certificate with the records of the Council. The actions of the City Manager in selling the Bond shall be conclusive, and no further action with respect to the sale and issuance of the Bonds shall be necessary on the part of the Council.

Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. If the date on which any payment is due with respect to the Bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day. “Business Day” shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any other day on which banking institutions are authorized by law to close in the Commonwealth of Virginia.

Principal and interest shall be payable by the Registrar (as hereinafter defined) by check or draft mailed to the Bank, as the registered owner, at the address as it appears on the registration books kept by the Registrar on the last Business Day of the month preceding each interest payment date. Principal and interest shall be payable in lawful money of the United States of America.

3. Prepayment Provisions. The Bond is subject to prepayment prior to maturity at the option of the City, in whole or in part, at any time, upon payment of 100% of the principal to be prepaid plus interest accrued to the prepayment date.

4. Execution and Form of Bond. The Bond shall be signed by the manual signature of the Mayor or Vice Mayor and the City’s seal shall be affixed thereon and attested by the City Clerk or any Deputy City Clerk. The Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Mayor or Vice

Mayor, whose approval shall be evidenced conclusively by the execution and delivery of the Bond.

5. Pledge of Full Faith and Credit. The full faith and credit of the City are irrevocably pledged for the payment of principal of and interest on the Bond. Unless other funds are lawfully available and appropriated for timely payment of the Bond, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the City sufficient to pay when due the principal of and interest on the Bond.

6. Registration, Transfer and Owners of Bond. The Bond shall be issued in registered form without coupons, payable to the registered holder or registered assign. The City Treasurer is hereby appointed paying agent and registrar for the Bond (the "Registrar"). The City may in its discretion appoint at any time a qualified bank or trust company as successor Registrar. The Registrar shall maintain registration books for the registration and registration of transfers of the Bond. Upon presentation and surrender of the Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute and deliver in exchange, a new Bond or Bonds having an equal aggregate principal amount, in authorized denominations, of the same form and maturity, bearing interest at the same rate, and registered in names as requested by the then registered owner or his duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the registration books on the last Business Day of the month preceding each interest payment date.

7. Preparation and Delivery of Bond. The officers of the City are authorized and directed to take all proper steps to have the Bond prepared and executed in accordance with its terms and to deliver the Bond to the Bank upon payment therefor.

8. Arbitrage Covenants. The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto (the "Code"), or otherwise cause interest on the Bond to be includable in the gross income of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of law which may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Bond, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent interest on the Bond from being includable in the gross income of the registered owners thereof under existing law. The City shall pay any such required rebate from its legally available funds.

9. Non-Arbitrage Certificate and Elections. Such officers of the City as may be requested are authorized and directed to execute an appropriate certificate setting forth the expected use and investment of the proceeds of the Bond in order to show that such expected use and investment will not violate the provisions of Section 148 of the Code, and any elections such officers deem desirable regarding rebate of earnings to the United States for purposes of complying with Section 148 of the Code. Such certificate and elections shall be in such form as may be requested by bond counsel for the City.

10. Limitation on Private Use. The City covenants that it shall not permit the proceeds of the Bond or the facilities financed with the proceeds of the Bond to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds or the facilities financed with such proceeds being used with respect to any output facility (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

11. Qualified Tax-Exempt Obligations. The City designates the Bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b) (3) of the Code. The City represents and covenants as follows:

(a) The City will in no event designate more than \$10,000,000 of obligations as qualified tax-exempt obligations in calendar year 2005, including the Bond, for the purpose of such Section 265(b) (3);

(b) The City, all its “subordinate entities,” within the meaning of such Section 265(b)(3), and all entities which issue tax-exempt obligations on behalf of the City and its subordinate entities have not issued, in the aggregate, more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including “private activity bonds,” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds,” within the meaning of Section 145 of the Code), including the Bond;

(c) Barring circumstances unforeseen as of the date of delivery of the Bond, the City will not issue tax-exempt obligations itself or approve the issuance of tax-exempt obligations of any of such other entities if the issuance of such tax-exempt obligations would, when aggregated with all other tax-exempt obligations theretofore issued by the City and such other entities in calendar year 2005, result in the City and such other entities having issued a total of more than \$10,000,000 of tax-exempt obligations in calendar year 2005 (not including private activity bonds other than qualified 501(c)(3) bonds), including the Bond; and

(d) The City has no reason to believe that the City and such other entities will issue tax-exempt obligations in calendar year 2005 in an aggregate amount that will exceed such \$10,000,000 limit;

provided, however, that if the City receives an opinion of nationally recognized bond counsel that compliance with any covenant set forth in (a) or (c) above is not required for the Bond to be a qualified tax-exempt obligation, the City need not comply with such covenant.

12. SNAP Investment Authorization. The City Council has heretofore received and reviewed the Information Statement (the "Information Statement") describing the State Non-Arbitrage Program of the Commonwealth of Virginia ("SNAP") and the Contract Creating the State Non-Arbitrage Program Pool I (the "Contract"), and the City Council has determined to authorize the City Treasurer to utilize SNAP in connection with the investment of the proceeds of the Bond, if the Mayor, in consultation with the City Treasurer, determine that the utilization of SNAP is in the best interest of the City. The City Council acknowledges the Treasury Board of the Commonwealth of Virginia is not, and shall not be, in any way liable to the City in connection with SNAP, except as otherwise provided in the Contract.

13. Provision of Financial Information. The Director of Finance of the City is hereby authorized and directed to provide to the Bank a copy of the City's comprehensive annual financial report for each fiscal year in which the Bond remains outstanding.

14. Other Actions. All other actions of officers of the City in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Bond are approved and confirmed. The officers of the City are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the issuance, sale and delivery of the Bond.

15. Repeal of Conflicting Resolutions. All resolutions or parts of resolutions in conflict herewith are repealed.

16. Effective Date. This Resolution shall take effect immediately.

The undersigned City Clerk of the City of Bedford, Virginia, certifies that the foregoing constitutes a true and correct extract from the minutes of a regular meeting of the City Council held on the 22nd day of November, 2005, and of the whole thereof so far as applicable to the matters referred to in such extract.

WITNESS my signature and the seal of the City of Bedford, Virginia, this ____ day of November, 2005.

City Clerk, City of Bedford, Virginia

(SEAL)

REGISTERED

REGISTERED

No. R-1

November __, 2005

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF BEDFORD

General Obligation Public Improvement Bond
Series 2005

The City of Bedford, Virginia (the “City”), for value received, promises to pay, to **FIRST NATIONAL EXCHANGE BANK**, Roanoke, Virginia, or registered assigns or legal representative, the principal sum of _____ **DOLLARS (\$_____)**, in annual installments in the amounts set forth on Schedule I attached hereto payable on _____, _____, and annually on _____ thereafter to and including _____, _____, together with interest from the date of this Bond on the unpaid installments, calculated on the basis of a 360-day year of twelve 30-day months, payable semi-annually on _____ and _____ of each year, commencing on _____, _____, at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

If the date on which any payment is due with respect to this bond is not a Business Day (as hereinafter defined), the payment shall be made on the next succeeding Business Day. “Business Day” shall mean a day on which banking business is transacted, but not including a Saturday, Sunday or legal holiday, or any other day on which banking institutions are authorized by law to close in the Commonwealth of Virginia. Principal and interest are payable in lawful money of the United States of America by the City Treasurer, who has been appointed paying agent and registrar for the bonds (the “Registrar”).

This bond is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the City Charter and the Public Finance Act of 1991. This bond has been authorized and issued pursuant to an ordinance adopted on October 25, 2005, and a resolution adopted by the City Council on November 22, 2005, to provide funds to finance various public improvements, including but not limited to the acquisition, construction and equipping of a solid waste transfer station and equipment, landfill remediation projects and related costs.

This bond may be prepaid in whole or in part, at any time, at the option of the City upon payment to the holder hereof of 100% of the principal to be prepaid plus interest accrued to the date of prepayment.

The full faith and credit of the City are irrevocably pledged for the payment of principal and interest on this bond. Unless other funds are lawfully available and appropriated for timely payment of this bond, the City Council shall levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on

all taxable property within the City sufficient to pay when due the principal of and interest on this bond.

The City has designated this bond as a “qualified tax-exempt obligation” for the purpose of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal of and interest on this bond and the exercise of all rights and powers of the owner, except that interest payments shall be made to the person shown as the owner on the registration books on the last Business Day of the month preceding each interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed, and, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City of Bedford, Virginia, has caused this bond to be to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by the City Clerk or Deputy Clerk, and this bond to be dated the date first written above.

(SEAL)

Mayor, City of Bedford, Virginia

City Clerk, City of Bedford, Virginia

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

(Please print or type name and address, including zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFeree:

: :
: :
: :

the within bond and all rights thereunder, hereby irrevocably constituting and appointing

Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

TRANSFER OF BOND

Transfer of this bond may be registered by the registered owner or its duly authorized attorney upon presentation hereof to the Registrar who shall make note of such transfer in books kept by the Registrar for that purpose and in the registration blank below.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHEDULE I